

NEWS

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Christopher J. Christie, U.S. Attorney

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FOR IMMEDIATE RELEASE
April 20, 2007

Bergen County Man Pleads Guilty To Investment Scam Purporting to Invest in New Jersey's Top Companies

(More)

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NEWARK – A Bergen County man who purported to be an investment advisor pleaded guilty today to fraud charges, admitting that he engaged in an investment scheme that defrauded numerous New Jersey investors of more than \$500,000, U.S. Attorney Christopher J. Christie.

Frederic William Melendez, 42, of Wyckoff, pleaded guilty to a one-count Information charging mail fraud before U.S. District Judge William J. Martini. The mail fraud count carries a maximum prison sentence of 20 years and \$250,000 fine. Judge Martini scheduled sentencing for Aug. 28, 2007.

According to the Information, Melendez purported to operate an investment company named R&R Partners and an investment vehicle called The Garden State Fund. Melendez told investors that The Garden State Fund invested in the common stock of the top 100 public companies headquartered in New Jersey. However, the Information alleges that Melendez solicited investor money under the false pretense that it would be invested, then Melendez converted the money for his personal use.

At his plea hearing, Melendez admitted that he made false and misleading statements to investors in order to convince them to invest money in The Garden State Fund. Melendez further admitted that once he obtained investor funds, instead of investing it in New Jersey's top companies, he used it to pay his personal expenses. Specifically, Melendez admitted that he used investor money to make mortgage payments, credit card payments, and to write checks payable to cash and to Melendez' family members without the knowledge or consent of the investors.

In addition to his guilty plea, Melendez has consented to the forfeiture of \$375,000 previously seized from Melendez by the United States and currently held by the United States Marshal's Service.

Christie credited Special Agents of the FBI in Newark, under the direction of Acting Special Agent in Charge Pedro D. Ruiz, and the U.S. Postal Inspection Service, under the direction of Postal Inspector in Charge Thomas C. van de Merlen, with developing the case against Melendez.

Melendez is being prosecuted by Assistant U.S. Attorney Craig Carpenito of the Securities and Health Care Fraud Unit of the Criminal Division of the U.S. Attorney's Office in Newark.

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Defense Counsel: Carl J. Herman, Esq.